

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE

SAN FRANCISCO, CA 94102-3298



September 14, 2012

GA2011-19

Jerry Schmitz
Vice President, Engineering
Southwest Gas Corporation
P.O. Box 98510, LVA-581
Las Vegas, NV 89193-8510

SUBJECT: General Order 112-E Audit of the Southwest Gas Corporation (SWG), Southern California Division Gas Transmission Pipeline Integrity Management (IM) Program.

Dear Mr. Schmitz:

On behalf of the Consumer Protection and Safety Division (CPSD) of the California Public Utilities Commission (Commission), Matthewson Epuna and Kan Wai Tong conducted a General Order 112-E audit of SWG, Southern California Division Transmission Pipeline Integrity Management Program (TIMP) on February 1-4, 2011. CPSD's findings are noted in the Summary (Summary) of SWG Transmission IM Program Audit, which is enclosed with this letter. The Summary reflects only those particular procedures and records that CPSD inspected during the audit.

On October 7, 2011, the Governor of California signed into law Senate Bill 705, which added Sections 961 and 963 to the California Public Utilities Code. On April 20, 2012, the Commission approved Decision (D.) 12-04-010 to address the requirements of these new sections. D.12-04-010 amended the scope of Rulemaking (R.) 11-02-019, which required each gas corporation to develop a plan for the safe and reliable operation of its gas pipeline facilities that is consistent with the best practices in the gas industry and with federal pipeline safety statutes. By December 31, 2012, the Commission will review and accept, modify, or reject the plans submitted by the gas corporations.

On June 29, 2012, in compliance with D.12-04-010, SWG submitted its proposed safety plan to the Commission. Due to relevant nature of SWG's proposed plan, and the effect that the plan may impose on its TIMP, CPSD proposes to conduct an audit of SWG's TIMP in 2013 to address the elements of the TIMP that may have not existed in 2011, when CPSD conducted its initial audit. The extent of our TIMP audit will also be influenced by the outcome of the Commission's decision related to the plan submitted by SWG in response to R.11-02-019.

Please respond within 30 days of receipt of this letter to the items noted in the Summary. If you have any questions, please call Matthewson Epuna at (213) 576-7014.

Sincerely,

A handwritten signature in cursive script, appearing to read "Michael Robertson", is written over a horizontal line.

Michael Robertson, Program Manager
Gas Safety and Reliability Branch
Consumer Protection and Safety Division

cc: Matthewson Epuna, CPSD
Kan Wai Tong, CPSD

SUMMARY OF SWG TRANSMISSION IM PROGRAM AUDIT

I. Database fragmentation

CPSD staff observed that SWG uses several databases for gathering, tracking and integrating data generated from its TIMP. These databases appear to be fragmented and not electronically integrated. As a result of this, CPSD staff is concerned that gas transmission pipeline data may not get properly integrated or acknowledged. CPSD staff recommends that SWG evaluate the completeness and efficacy of its current TIMP data gathering and integration process and make necessary changes.

II. Identify processes used to derive Preventative and Mitigative Measures

CPSD staff noted that SWG implemented and performed additional preventative and mitigative measures; however, SWG did not identify the processes used towards deriving the additional measures based on risk analysis of the threats to its pipelines. CPSD staff recommends that SWG modify its TIMP to include a detailed explanation and process for identification and selection of additional preventative and mitigative measures.

III. Installation of Moisture Analyzers at major entry points

SWG informed CPSD staff that it had purchased moisture analyzers and was in process of installing the devices at major entry points within its Southern California Division. Please provide CPSD a status report describing how many, and where the moisture analyzers were installed, the results of the data collected (in a spreadsheet format) during the period of December 1, 2011 to March 31, 2012. In addition, please explain if the analyzers are assisting SWG in meeting the objectives for their installation.